

**Testimony of
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Before The
Subcommittee on National Security, Emerging Threats, and
International Relations, House Committee on Government Reform
Topic: Overseas Security: Hardening Soft Targets**

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Good afternoon, Chairman Shays, Ranking Member Kucinich, and Members of the Committee. My name is Joseph Petro and I am here today representing private industry to discuss the important issue of protecting both our citizens when they travel, work and live abroad and our business facilities located around the world. I also am here representing Citigroup where I serve as Executive Vice President and Managing Director of our company's Global Security and Investigative Services. Citigroup is the world's largest financial services company, formed in 1998 with the merger of Travelers Group and Citicorp. Today, Citigroup employs nearly 300,000 people; we operate in over 100 countries and serve more than 200 million customer accounts. We have been operating in some countries for over 100 years and, given our international presence, nearly one-half of our employees are not United States citizens.

The daily functioning of the world economy depends on the American financial services network of companies like Citigroup. It is critical to maintain a safe environment for our businesses especially in this time of heightened threats and actual events of terrorism directed against Americans and American interests. The private sector is vital, the private sector is at risk, and the private sector must be involved in any solution.

American businesses cannot adequately protect themselves against a terrorist attack or effectively anticipate or prepare for new security risks without good intelligence. The ability to protect our companies is seriously hampered by this lack of reliable, timely, and actionable information. The strict definition of what is a "soft target" can be debated, but American customer-facing businesses are potential targets wherever they are located. Unlike government facilities such as embassies and military bases, a bank branch is either open or closed, customers must have easy access, and there

must be identifiable signage. Citigroup businesses operate in nearly 12,000 facilities around the world. To adequately “harden” these buildings presents serious challenges and in many instances there are physical, practical, or business limitations.

There are some reasonable precautions that the private sector can implement on its own to lower the risks to terrorism. Erecting barriers to prevent vehicle access, removing unnecessary company signage, screening visitors, moving non-customer-facing businesses to low profile facilities, dispersing key business functions, increasing security guard presence, extending perimeters, and effective training programs all contribute to providing a safer environment for our businesses.

However, there are at least two realities that make it difficult to protect “soft targets.” First, a sufficiently motivated attacker may eventually outsmart a static defense. This is an operational reality even for a highly defended site. Second, even in today’s high-risk environment, sustaining a high level of security indefinitely is just not possible. There is a tendency for anxiety levels to reduce as time passes between attacks. This tendency for complacency affects both the public and private sectors.

Protection against terrorism must be a shared responsibility between American business and the government. We can no longer work in isolation. The private sector is limited in the types of defensive measures that can be implemented and needs the government’s cooperation to effectively serve our security interests. We are prepared to take appropriate physical protective measures, but sharing risk assessment expertise and meaningful intelligence information would improve our security posture.

We are aware that the State Department has no authority and lacks the resources to protect private US citizens traveling or residing abroad. Large multi-national companies understand the unrealistic restrictions on business travel that would have to be imposed to completely protect every US national traveling abroad. I believe the private sector fully understands these risks. In those instances when an employee must travel to a dangerous country, there is a question that must always be asked: “How important is this trip?” When a trip is determined to be business critical, there are ways to minimize the risks. Limiting the time in the country, using reliable and secure ground transportation, carefully planning the schedule and limiting its

distribution, maintaining a low profile, and employing security professionals when required are all simple common-sense precautions.

The private sector, its employees and customers directly benefit from a number of programs sponsored by the State Department to better help us to understand the risks in foreign countries and help us to establish practical solutions to mitigate those risks. One such program is the Overseas Security Advisory Council or “OSAC.”

Established in 1985, by Secretary George Shultz, OSAC has become one of the best examples of a private/public partnership that really has worked. Today, more than 3,300 US companies with operations overseas belong to OSAC. Information is freely shared with the private sector in efficient and multiple ways. The OSAC security web site receives nearly 2 million inquiries a month from the private sector. Trained intelligence analysts using briefings, reports, studies, and other media provide up-to-date information to our companies. There are more than 100 local OSAC Country Councils that provide services directly to our in-country staff regardless of their nationality. These services are provided to the private sector without charge and any US company with overseas operations may join OSAC.

We in the private sector recognize the inherent risks associated with doing business outside the United States. Risk management is an integral part of our business decision-making process. The risk of being a “soft target” does not eliminate the need for US companies to operate in foreign countries. By continuing to work in partnership with organizations like the State Department, the Central Intelligence Agency, the FBI, and the Department of Homeland Security, we believe that these risks can be better understood, better managed, and significantly reduced.

Mr. Chairman, thank you for holding this hearing today. With thoughtful forums like this we can hopefully make even greater progress in our common goal of protecting US citizens, and our government and business interests around the world. I look forward to your questions.